RAJYA SABHA

Thursday, the 11th March, 1993/the 20 Phalguna, 1914 (Saka)

The House met at eleven of the clock. **Mr. Chairman** in the Chair.

ORAL ANSWERS TO QUESTIONS

Release of funds to the IDPL

*221. SHRI GAYA SINGH: Will the PRIME MINISTER be pleased to state:

(a) the total amount of funds released to IDPL during the financial years 1990-91, 1991-92 and 1992-93 and the percentage thereof to its production units at Hyderabad, Rishikesh, Gurgaon, Madras and Muzaffarpur in the said financial years;

(b) the reason for releasing less amount to Muzaffarpur Unit by its corporate management and the reason for not releasing the same in the financial year 1992-93;

(c) whether the Management of IDPL has decided not to run its Muzaffarpur Unit;

(d) if so, the reason therefor; and

(e) whether it is a fact that Muzaffarpur unit of IDPL is the only Drug industry in North Bihar, based on molasses, a by product of sugar factories; if so, what alternative arrangement Government propose to make in the event of its closure?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (e) A statement is laid on the Table of the House.

Statement

(a) and (b) IDPL obtains funds from various sources including from the Government, for its operations Details of funds released by Government in favour of IDPL, excluding funds required for Voluntary Retirement Scheme, are indicated in the Annexure (See below). The Muzaffarpur unit of IDPL availed Rs. 7.50 crores until February, 1993 during 1992-93 from all sources, out of which Government funds constituted Rs. 26 lakhs. Adequate funds were available to the unit within the overall fund constraints of IDPL.

(c) No, Sir, Inspite of infrastructural constraints like non-availability of un-interrupted power supply, erratic alcohol availability and distant location of markets, all round efforts have been made to run the unit.

(d) Does not arise.

(e) The Muzaffarpur unit of IDPL is a major unit in North Bihar which makes use of alcohol allocated by the State Government of Bihar from the surrounding distilleries. As no closure is envisaged, the question of any alternative arrangement does not arise.

Annexure

Detailes of funds released by the Government and further releases by IDPL to its production Units

(Rs in lakhs)

	Total funds released by Government	RELEASES BY IDPL				
		Rishikesh	Hydera bad	Gurgaon	Muzaffarpur	Madras
. . .	109	51%	49%	..	..	..
. . . .	409	43%	32%	2%	1%	..
3	1692	45%	34%	4%	2%	..

श्री गया सिंह– माननीय सभापति महोदय, आपके माध्यम से मैं मंत्री जी से कहना चाहता हूं कि उन्होंने जो जवाब दिया है उसमें इन्होंने यह बताने की कोशिश की है कि आई.डी.पी.एल. मुजफ्फरपुर यूनिट को चूंकि कच्चा माल नहीं मिलता और वह बिहार गवर्नमेंट को देना है, ये मुख्य कठिनाई इन्होंने बताई हैं। मैं इनसे कहना चाहता हूं कि यह आई.डी.पी.एल. मुजफ्फरपुर यूनिट, स्वीडन की बोफोर्स कंपनी के थ्रू बनाई गई लेकिन उस कंपनी ने अभी तक इसके पोडक्शन का फाईनल ट्रायल नहीं किया।

दूसरा, इन्होंने उस यूनिट में 18 मीट्रिक टन का स्टीम बायलर लगाया लेकिन जो एल्कोहल प्लांट लगाना था, जो इनको लगाना था, निजी पावर प्लांट लगाना था और दूसरे यूनिट लगाने थे, वह अभी तक इन्होंने नहीं लगाए हैं। मैं मंत्री जी से जानना चाहता हूं कि उसमें क्या कठिनाई है?

SHRI EDUARDO FALEIRO: Sir, the Muzaffarpur plant, let me say, has been suffering losses since the very first year of its inception. In fact, this is the problem of the IDPL as a whole. The IDPL was started, as you very well know and as the House knows, not so much with a business or profit motive in mind, but for some other purpose. And, Sir, as the question goes on, I would clraify the achievements that the IDPL has made, particularly with regard to self-reliance in the drug industry and in the area of medicines in the country. But, for the moment, let me say this that there are problems in the plant in Muzaffarpur, about which the Member is concerned and the problem, amongst other things, is the problem of power supply. Now, we have approached the Bihar State Electricity Board several times. There are 120 trippings in power supply per month which is the average. Now, with this type of a situation, there will be four or five failures a day which affects the plant. How is it possible to run it? Sir, the honourable Member has mentioned about the supply of alcohol which is the main raw material which the State agencies provide. But it is not provided in a regular manner, but in an erratic way. Then there is the problem of marketing and there are other problems, different problems.

The third point is that he entire IDPL is a sick unit as per the SICA—this is a statute—and it is now before the BIFR and we are to submit proposals before it for revival which we are in the process of working out.

श्री गया सिंह: सर, पहले सवाल का जो हम जवाब चाहते हैं, मंत्री जी ने जो जवाब लिखित दिया है, वही दोबारा इन्होंने दोहरा दिया। बिहार गवर्नमेंट की यह जिम्मदारी नहीं है। यह भारत सरकार की जिम्मेदारी है एल्कोहल प्लांट वहां लगाने के लिए। इनकी वहां फैक्टरी है जिससे कच्चा माल वहां उपलब्ध है। इसके लिए जमीन इन्होंने एक्वायर की है। वह जमीन सरेंडर कर रहे हैं। तो मैं जानना चाहता हूं कि आप क्यों नहीं एल्कोहल प्लांट और निजी पावर प्लांट वहां लगाते? चूंकि 18 मीट्रिक टन का बायलर आपके पास है तो आप अपना पावर प्लांट वहां क्यों नहीं लगाते? आप बिहार गवर्नमेंट की बात करके टाल रहे है जब कि आपने जमीन एक्वायर की, फंड ले लिया, जो ब्लूप्रिंट है उसके अंदर ये सब दर्ज हैं। तो आपने क्यों अपना निजी पावर प्लांट नहीं बनाया, यह मैं जानना चाहता हूं।

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don't start with this facility. We don't Sir, because we do not have the money. And the net losses are growing. Therefore, the whole matter is now at the stage of formulation of a revival package, and all these aspects that the hon. Member mentioned will be considered. And I am prepared to have a dialogue with the Member and get his suggestions as well as of other Members and other interests like the workers themselves on how we should go about in reviving this unit. For the benefit of the hon. House and of the hon. Member, may I mention here, however, Sir, that in the course of the last three years with which the question and the Member are concerned, the losses have been reduced from *Rs. 6.46 crores in 1990-91 to* Rs. 5.61 crores in 1991-92, and to Rs. 4.98 crores in 1992-93 up to January? These are reductions in losses. Correspondingly, the production has also improved. But, of course, the losses continue, the situation is not satisfactory. And we will work out, in consultation, as I have said, with all the interests concerned to see that this unit is effectively revived and works in a manner beneficial to all concerned.

श्री गया सिंह : सभापति महोदय, मेरा दूसरा सप्लीमेंटरी यह है . . .

MR. CHAIRMAN: You have finished the second supplementary.

श्री गया सिंह : पहले तो पहला ही सवाल पूछा था उसका उन्होंने ठीक से जवाब नहीं दिया अब कुछ उसे उन्होंने इंप्रूव किया है।

सभापति, महोदय मेरा दूसरा सवाल यह है कि वहां के आफिसर्स ऐसोसिएशन ने रिवाइवल की रिपोर्ट गवर्नमेंट को दी है। उसके हिसाब से उन्होंने मांग की है कि 15 करोड़ रुपया उस पर खर्च किया जाए तो यह यूनिट अच्छी तरह से रिवाइव हो सकती है। इस संबंध में मंत्री जी का क्या कहना है ?

SHRI EDUARDO FALEIRO: Sir, I don't have the precise figures. But the point is that the Unit as a whole is short of money and it cannot put money in any particular plant. Therefore, it is before the BIFR with a revival package. Sir, the point made by the Member along with other points will be considered.

श्रीमती सरला माहेश्वरी : माननीय सभापति महोदय, आई डी पी एल भ्रष्टाचार और कदाचार का अड्डा बना हुआ है। इस संबंध में मैंने कई बार सवाल किए हैं। लेकिन इसके बावजूद शायद इस संबंध में आपको एक पत्र भी लिखा है। बहरहाल मैं यह जानना चाहती हूं कि क्या यह सच नहीं है कि आई डी पी एल का जो कैपिटल उद्देश्य के लिए बनी है उस का दुरुपयोग किया गया है और उस धनराशि का उपयोग स्वयं प्रधान मंत्री ने इसी सदन में बहुत स्पष्ट ढंग से यह घोषणा की थी कि कैपिटल उद्देश्य के लिए जिस पूंजी को लगाया जाना है उस का इस्तेमाल केश लासेज के लिए नहीं किया जा सकता है। लेकिन यह हकीकत है कि 1986 से लेकर 1990 तक के चार वर्षों में आई डी पी एल में योजनाबद्ध ढंग से आई डी पी एल की जो कैपिटल थी उसका दुरुपयोग किया गया है, उसको केश लासेज की भरपाई के लिए इस्तेमाल किया गया है। मैं जानना चाहती हूं कि क्या किसी संस्था को यह अधिकार है ? अगर है तो किस नियत के तहत, किस उद्देश्य के तहत यह किया गया है ?

SHRI EDUARDO FALEIRO: Sir, I don't have at the moment the information that the hon. Member seeks. However, I may say that at least over the last couple of years for which I am really aware, Sir, there is no such diversion of funds from Capital to Revenue account.

श्रीमती सरला माहेश्वरी : महोदय, मैं आपका प्रोटेक्शन चाहती हूं। मंत्री महोदय ने . . . (**व्यवधान**)

**Expunged as ordered by the Chair.

MR. CHAIRMAN: The Prime Minister.

THE PRIME MINISTER (SHRI P. V. NARASIMHA RAO): Sir, it has nothing to do with the answer, but there is one little reflection in the lady Member's statement that ** It is better not to have that on the record because it is a reflection on the functioning of the Rajya Sabha Secretariat.

MR. CHAIRMAN: I agree. It should not be on the record.

SHRI M. A. BABY: It should not happen also, Sir.

श्रीमती सरला माहेश्वरी : सभापति महोदय, मैं मंत्री महोदय से स्पष्टीकरण चाहती हूं। मंत्री महोदय ने अपने सवाल के जवाब में पहले भी यह कहा है कि इस राशि का दुरुपयोग किया गया है। उन्होंने कहा कि अंडर सर्टेन प्रोसीजर। मैं जानना चाहती हूं कि अंडर सर्टेन प्रोसीजर क्या है, ह्वट आर दि प्रोसीजर्स ?

SHRI EDUARDO FALEIRO: I have not mentioned about the procedure nor of diversion of funds of the IDPL. What I said was that I have been looking into the functioning of the IDPL over a couple of years. and no such situation mentioned by the hon. Member has come to my notice.

श्री एस. एस. अहलूवालिया : सभापति जी, मुजफ्फरपुर का आई डी पी एल यूनिट लगाया गया था बेसिक ड्रग के लिए। जैसा सर्वविदित है भारत में जितनी दवाइयां बनती हैं उसका एक-चौथाई भाग बिहार कंज्यूम करता है और उस एक-चौथाई का तीन-चौथाई भाग उत्तर बिहार कंज्यूम करता है। यह इलाका है मुजफ्फरपुर का जहां यह यूनिट लगाई गई थी बेसिक ड्रग के लिए। वहां की बिहार सरकार ने इस बेसिक ड्रग यूनिट को मद्देनजर रखते हुए बैला इंडस्ट्रियल एरिया का ड्रग जोन अलग बना दिया था जहां फार्मूलेशन यूनिट लगे थे। जहां बिहार स्टेट फाइनेन्शियल कारपोरेशन और बहुत सारी संस्थाओं ने लोन देकर बहुत छोटे-छोटे उद्योगों को लाइसेंस दिये थे और वित्तीय सहायता दी थी। वे सारी की सारी सिक हैं। मंत्री महोदय ने खुद स्वीकार किया है कि जब से यह यूनिट शुरू हुई है तब से बीमार पड़ी है। मैं यह जानना चाहता हूं कि इस ड्रग यूनिट का कैपेसिटी युटीलाइजेशन आज तक हाइएस्ट कितना गया है और अब कैपेसिटी युटिलाइजेशन कितना किया जा रहा है? दूसरी बात यह है कि वहां पर इन्होंने बेसिक ड्रग को छोड़कर अपना ही फार्मूलेशन यूनिट स्टार्ट कर दिया है ऋषिकेश से, हैदराबाद से बेसिक ड्रग मंगाकर वहां फार्मूलेशन करना शुरू कर दिया है जो कि इनका काम नहीं था। अब इस संस्था को बचाने के लिए फार्मूलेशन यूनिट चला रहे हैं। जो नई इकोनोमिक पालिसी आई है उसके हिसाब से जो बेसिक ड्रग इम्पोर्ट होगा वह इनके कास्ट आफ प्रोडक्शन से सस्ता होगा। यह यूनिट बंद होने के कगार पर खड़ा है। इसके लिए सरकार क्या सोच रही है यह जरा बतायें ?

SHRI EDUARDO FALEIRO: Sir, IDPL was basically, as I mentioned, to do this pioneering work of being a catalyst for having bulk drug in the country which would then lead to formulations, and that objective has been achieved and achieved rather successfully. Regarding the problems mentioned by the hon. Member which are genuine problems, these are the result of sickness which, as I have outlined, exists in this particular unit and in all the remaining four units also of the IDPL as a whole. As I said, all these problems are to be considered in the revival package and these will be considered. I reiterate that I am prepared to have a meeting with the Members of Parliament who are interested not only in this unit

**Expunged as ordered by the Chair.

but in other units also because their suggestions will be very valuable and act as inputs for our package.

SHRI SUKOMAL SEN: Sir, what I understood from the reply of the hon. Minister is, he referred to the question of self-reliance of the IDPL. Sir, the entire drug industry in the country is in the hands of the private sector, particularly the multinational sector. These multinationals control our drug industry. The biggest public sector company in the drug industry is also in the red and if I understood the hon. Minister correctly, this is also to be referred to the BIFR as it is incurring losses. It is true of not only this company but other concerned companies like Bengal Immunities, like Smith Stanistreet. The whole drug industry is in the red and these cases have been sent to the BIFR. The hon. Minister said that this unit is incurring losses and he said that there is going to be a package to revive this unit. I would like to know from the hon. Minister as to what is the comprehensive thinking of the Minister—or the Ministry—about reviving the drug industry and make it self-reliant and also to free it from the clutches of the multinationals because this industry serves the country's interests: it serves public interest. So, if the IDPL is in the red and if other industries are in the red, the entire country will fall into the lap of the multinational. What is the thinking of the Ministry in this regard, I would like to know, because the question of self-reliance is, after all, in the national interest.

SHRI EDUARDO FALEIRO: What the hon. Member says is true to the extent that IDPL has contributed enormously towards self-reliance in the drug industry. If I may give a few relevant facts, I may say that IDPL is one of the 9 producers in the world of anti-biotics by fermentation process. It has the largest fermentation facility in South Asia. IDPL is the sole manufacturer of vitamin B1, a major manufacturer of vitamin B2 for folic acid and vitamin B3. If these facilities were not there, all these things which have been developed, the formulations, would not have been available in the country. IDPL supplies bulk vitamins to all the manufacturers of multi-vitamins in the country. The Hyderabad unit which is having facilities for manufacture of vitamins and folic acid is one of the 15 such units in the world, producing from the basic stage, along with such reputed giants as Hoftman La Roche, Takeda of Japan, BASF, an American company, and so on.

In short, the technology base created by IDPL has acted as a catalyst for production by the bulk drug industry.

Having said all this, it is also true that while we concentrated on self-reliance as far as this particular unit is concerned, and achieved that, we neglected, perhaps, the business angle. Therefore, others have taken drugs from us. We are making the basic drugs. We are contributing to the national health programme. The prices that we get are controlled. There is a limit. Others take the drug from us, make formulations, evolve it from the penultimate stage and make a profit. In the competitive environment of the drug industry, it has become very difficult for us to survive. Therefore, the approach has to be that along with these concepts, which are eternal concepts, valid concepts for all time to come, which have been there since the inception of IDPL, they must also apply their mind to improving the business angle. This is what we are doing.

SHRI RAJNI RANJAN SAHU: Mr. Chairman, Sir, I know this IDPL unit very well. As Chairman of the BICICO, I know that several ancillary units were set up by the side of this unit. Now, BICICO-financed units are all closed. IDPL is also on the verge of closure. As pointed out by my colleague, Ahluwaliaji, IDPL has got the capacity to manufacture

bulk drugs, basic drugs, formulations, intermediates, etc. All types of drugs can be manufactured. But I am very sorry to say that most of the machines are lying unpacked till today. It has been there for many years on the other hand Hon'ble Minister says that it is incurring losses from the very beginning. We have got the capacity to manufacture penicillin G. We can be self-sufficient, but we are importing. It is the wrong policy of the Government which has made the IDPL sick. It is not that IDPL has become sick. It is the Government's policy which has made it sick.

MR. CHAIRMAN: Please conclude now.

SHRI RAJNI RANJAN SAHU: I am asking the question, Sir. The Prime Minister is here. It is very important. The Minister says that there is no money for reviving the unit. But the Minister himself knows very well, the House also knows, that Rs. 700 crores are lying with other companies on account of DPEA. Out of this, Rs. 2 or 3 crores can be pumped in here to revive some of the units. The money can be realised from them and pumped into the IDPL for the purpose of revival. I would like to know from the hon. Minister as to what he has got to say on this. The explanation which he is giving is completely wrong. It has got no bearing. This has been prepared by his officials and he is just reproducing it here. He has not applied his mind at all. Therefore, I would like to know from the Minister...

MR. CHAIRMAN: You want to know whether he has a mind?

SHRI VISHVJIT P. SINGH: Sir, I take a very strong objection to this. *(Interruptions)*

SHRI RAJNI RANJAN SAHU: I would like the Minister to assure the House that a high-powered committee would be set up —which should include Members of Parliament also —to go into the working of IDPL and that he would implement the recommendations of that high-powered committee in regard to reviving the IDPL because...

MR. CHAIRMAN: You have asked the question.

SHRI EDUARDO FALEIRO: Sir, to begin with, it is not correct. The hon. Member is wrong on facts. It is not true. The machinery is not lying idle. But if he has any specific instance in regard to some item somewhere, we will definitely look into it. But it is not...

SHRI RAJNI RANJAN SAHU: I will show you.

SHRI EDUARDO FALEIRO: It is not correct that most of the machinery is lying idle. In regard to the suggestion made by the hon. Member, I would say that it is a very simplistic solution. He says that some company has a surplus and that this can be utilised to revive a unit which is sick. This may sometimes result, instead of curing one sick unit, into creating one more sick company. But as I said, the things are much more complex than they sometimes are put across by Members. We will look at them keeping in mind the suggestion of the hon. Member.

SHRI RAJNI RANJAN SAHU: I want an assurance from the hon. Minister.

SHRI MOTURU HANUMANTHA RAO: Mr. Chairman, Sir, Hyderabad unit is one of the most important units of IDPL and it produces a major part of drugs produced in the country. When such is the case, in 1990-91 49 per cent of the funds were released to the Hyderabad unit and in 1992-93 it has come down to 34 per cent. I would like to know in terms of cash amount how much was asked for and how much was allotted to the Hyderabad unit by the Government of India this year.

SHRI EDUARDO FALEIRO: Sir, as I have mentioned, money is allocated from year to year depending on the needs of a particular unit, keeping more and more business requirements in mind. Business requirements will be like profitability. If a sick unit is there, it has to make up its losses and it must make profits. We have to see how much is the return on hundred rupees in Hyderabad and how is the return on hundred rupees somewhere else. All that has to be considered and on those lines the allocation of funds is made. Therefore, as I have said, Hyderabad unit is one of the best plants which has made a great contribution to the *drug industry*.

SHRI MOTURU HANUMANTHA RAO: I asked for the amount.

SHRI EDUARDO FALEIRO: That figure I do not have at the moment for the Hyderabad unit. I will send the details to the hon. Member.

Setting up of Bench of Karnataka High Court at Hubli Dharwad

*222. SHRI J. P. JAVALI: Will the PRIME MINISTER be pleased to state:

(a) whether it is a fact that Karnataka Government have recommended for setting up of a Bench of the Karnataka High Court at Hubli Dharwad; and

(b) if so what action has been taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF LAW, JUSTICE AND COMPANY AFFAIRS (SHRI H. R. BHARDWAJ): (a) and (b) The Chief Minister of Karnataka intimated *vide* his letter dated 11th August, 1992 that the Chief Justice of the Karnataka High Court had been requested to apprise the Full Court of the State Government's strong views in the matter of setting up of a Bench of the High Court at Dharwad and to communicate its concurrence early. The Chief Minister *inter-alia* requested that the matter be processed further and approval of the Government of India communicated for the setting up of a permanent Bench of the Karnataka High Court at Dharwad. The Chief Minister was requested in September, 1992 to discuss the matter with the Chief Justice of the High Court, to obtain his views and to send them with the views of the State Government so as to enable the Central Government to proceed further in terms of Section 51(2) of the States Re-organisation Act, 1956. No further communication has been received from the State Government in *this regard*.

SHRI J. P. JAVALI: Sir, setting up of a Bench of the Karnataka High Coust at Hubli Dharwad has been a longstanding demand of the public of North Karnataka. Both the Houses of Karnataka Legislature have passed a unanimous resolution for the establishment of the Bench and the Government of Karnataka has suggested Hubli Dharwad as the place for location. It is stated in the answer to the question also that the Central Government wrote to the Chief Minister of Karnataka to discuss the matter with the Chief Justice of the High Court and then write back to the Government of India. This was done in the month of September 1992. Now it is 1993 and by now some progress must have been made in this regard. I would like to request the hon. Minister to ascertain from the Chief Minister of Karnataka whether he has had discussions with the Chief Justice and whether a favourable response has come from the Chief Justice. Since this is a long-standing demand, I would urge upon the hon. Minister to see that this matter is settled once for all and a Bench in Hubli Dharwad is established at the earliest.

SHRI H. R. BHARDWAJ: Sir, I beg to inform you that so far as the Chief Ministers are concerned, they